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CONSOLIDATION AND EXPANSION OF TRADE BETWEEN THE USSR AND THE PEOPLE'S DEMOCRACIES

The volume of trade between the USSR and the People's Democracies has been increasing every year. Commodity turnover between these countries increased more than threefold in the period 1948 - 1952 and is continuing its expansion. Even considering the diminution of trade with the capitalistic countries, the foreign trade turnover of the People's Democracies has doubled in the same period.

The volume of foreign trade of the USSR has reached 18 billion rubles annually, and at present 1953 is three times the prewar level. In 1952, the trade volume of the USSR with the People's Democracies exceeded the 1951 level 22 percent.

Growth of Commodity Turnover of the European People's Democracies (in percent of 1946)

	<u>1946</u>	<u>1948</u>	<u>1950</u>	<u>1952</u>
Poland	100	365	479	600
Czechoslovakia	100	306	288	357
Hungary	100	493	955	1,310
Rumania	100	628	1,041	1,445
Bulgaria	100	228	288	290

In the period 1946 - 1952, the combined foreign trade turnover of the five above-mentioned countries increased more than fivefold. In 1952, the commodity turnover between the People's Republic of China on one hand and the USSR and People's Democracies on the other increased 187.6 percent, as compared with 1950.

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The People's Democracies, while creating and expanding their industry, also take into account the needs of other affiliated states. One of the most important tasks stressed in the Law of the Polish Six-Year Plan was that of "deepening and strengthening reciprocal economic relations and cooperation between Poland, the USSR, and the People's Democracies on the basis of socialistic solidarity and mutual aid." In February 1950, the Plenum of the Central Committee of the Communist Party of Czechoslovakia indicated the necessity of rapidly reorienting Czechoslovak industry toward the sales and raw materials markets within the people's democratic bloc, thus enabling Czechoslovakia to develop its heavy industry, particularly heavy machine building, at increased tempo. The needs of mutual collaboration to a large extent also determine the forced tempos of development of the mining industry in Bulgaria and Albania, coal and chemical industries and a number of machine building industries in Poland, aluminum industry in Hungary, etc.

The significance of this new market in strengthening the socialist bloc countries, conserving their resources, and increasing the tempos of their development was increased particularly by the transition from the short-term trade agreements to the long-term economic agreements between these countries.

The exchange of commodities among the socialist countries is subject to the law of cost. However, the operation of the law of cost in this field is limited. It maintains the role of regulator, but only within certain boundaries, since there is no "free" play of prices in reciprocal trade among the socialist countries.

Prices established in trade between these countries remain stable, and are established for a period of not less than one year. Prices fixed for most of the mutually exchanged products are in effect for several years.

Another characteristic feature of price formation in socialist trade is the application of a single price principle. This means that prices for identical commodities are equal for all countries. Price discrepancies for similar goods are permitted only within the limits of transportation cost variations.

Deliveries from the USSR of important types of raw materials and equipment rendered invaluable aid to the People's Democracies at the beginning of their existence.

For example, during the first year of its existence, the Bulgarian People's Republic received from the USSR 11,000 tons of raw cotton, 73,000 tons of metal articles and metal necessary for the production of agricultural machinery, and 120,000 tons of petroleum products. Only with the aid extended to it by the USSR was Bulgaria able to put its textile industry into operation, organize its transport facilities, and provide its agriculture with the necessary machinery. In addition, the USSR supplied Bulgaria with a considerable quantity of foodstuffs.

The first trade agreement between the USSR and Hungary, concluded in 1945, assured Hungary of the following percentages of its industrial requirements: iron ore 40 percent, coke 50 percent, nickel and gasoline 100 percent, etc. This agreement enabled Hungary to regulate its heavy industry and stabilize its economy.

Czechoslovakia also benefited from its trade agreement with the USSR by receiving 600,000 tons of grain during 1947, which was a poor crop year.

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Increase in the Share of Foreign-Trade Turnover Among
the European People's Democracies
(in percent)

	Share of Socialist Countries		Share of Capitalist Countries	
	1937	1952	1937	1952
Poland	7	67	93	33
Czechoslovakia	11	71	89	29
Hungary	13	71	87	29
Rumania	16	85	82	15
Bulgaria	10	89	90	11
Albania	5	100	95	0
Total	13	73	87	27

The expansion of the foreign trade relations between China on the one hand and the USSR and People's Democracies on the other has also taken place. The total volume of Chinese trade with these countries increased from 26 percent in 1950 to 72 percent in 1952 and is expected to expand still further.

The chief place in the foreign trade turnover of the People's Democracies is occupied by the USSR. In 1951, the share of the USSR in the foreign trade of the People's Democracies was as follows: Albania 57 percent, Hungary 29 percent, Bulgaria 58 percent, Poland 25 percent, Rumania 51 percent, and Czechoslovakia over 23 percent.

USSR trade with the People's Democracies is based on reciprocal deliveries. In exchange for the raw materials and equipment which it delivers to the People's Democracies, the USSR receives from them various commodities which are considered supplementary material resources for the development of its economy. In 1952, the share of the People's Democracies in the foreign trade of the USSR amounted to 30 percent.

All the People's Democracies participate actively in the reciprocal trade. Poland takes part as a supplier of coal, coke, zinc, rolled ferrous and non-ferrous metals, many types of machinery, and a number of important agricultural products. Hungary exports a significant part of its transport machine building output, power equipment, machine tools, sauxite, textiles, and many types of agricultural products. Rumania supplies petroleum products, timber, locomotives, and foodstuffs. Bulgaria exports industrial crops, chiefly tobacco, as well as lead and zinc ores and concentrates, cement, and fruit. Albania delivers petroleum, bitumen, mining industry products, and certain types of agricultural commodities. The Mongolian People's Republic exports wool, meat, and other animal husbandry products. Of considerable importance in the industrial development of the People's Democracies are the imports of equipment and machinery from Czechoslovakia and GDR. For the first time in its history, China has the opportunity to establish strong economic ties with the USSR and the People's Democracies. China exports rice, wool, mining industry products, vegetable oils, raw silk and silk fabrics, tea, oil seed, and other commodities.

The USSR plays a decisive role in the new trade market. It ships to the People's Democracies of Europe and Asia complete sets of equipment for their metallurgical, machine building, mining, chemical, textile, food, and other

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industrial enterprises; tractors, agricultural machinery, road machinery, fertilizers, ore, and other products. Through imports from the USSR the People's Democracies can satisfy their rapidly growing requirements for vital machinery for their key industries, as well as for raw materials such as iron, chrome, and manganese ore; raw cotton, and many other commodities. Shipments of machinery and equipment of the latest types from the USSR to the People's Democracies in 1952 were ten times those of 1948.

As reported by the Czechoslovak newspaper *Rude Pravo* at the end of 1952, Czechoslovakia received from the USSR large quantities of copper, zinc, lead, nickel, kaolin clays, ferromolybdenum, ferrotungsten, a number of other ferro-alloys, cadmium, bismuth, mercury, machine tools, automatic furnace equipment for the new Klement Gottwald Metallurgical Combine, and other commodities. Soviet shipments fully meet the production requirements of the Czechoslovak chemical industry, which formerly depended completely on raw material imports from the capitalistic countries. In addition, the USSR shipped 300 grain-harvesting combines, 1,000 five-bottom trailer plows, 300 tractor disk harrows, 52 sugar-beet harvesting combines, 170 grain dryers, and other essential agricultural machinery.

In accordance with their economic development, the structure of the commodity turnover of the People's Democracies is fundamentally changing toward increased industrial production, particularly that of heavy industry. For example, in 1948 - 1950 alone, Poland increased its imports of machinery and equipment 1.8 times, while the relative share of machinery and equipment in Polish exports in the same period increased from 1.6 to 11.3 percent. The most important commodities imported by the People's Republic of China include vital raw materials, industrial equipment, and fuel oil necessary for the country's industrial development.

The foreign trade of the USSR with the People's Democracies was at first carried out on the basis of short-term agreements concluded, as a rule, for a period of one year. At present, however, the USSR has in effect a number of long-term economic agreements with these countries. These include agreements for reciprocal deliveries of commodities over a period of 4 to 5 years, and long-term agreements for shipment by the USSR of industrial equipment, including complete sets of equipment for whole plants. These agreements guarantee to the People's Democracies the receipt of machinery, equipment, raw materials, and other commodities necessary for their economic development; they also guarantee a market for their products.

In connection with the reciprocal trade agreement signed between the USSR and Poland in June 1950 concerning the reciprocal delivery of commodities over the period of 1951 - 1958, and the shipment of industrial equipment during 1951 - 1958, the Polish newspaper *Trybuna Ludu* made the following statement: "Due to the Soviet shipments, the Polish national economy is guaranteed a material base for the duration of the Six-Year Plan and for 3 years following its fulfillment."

Of particular significance to the industrialization of the People's Democracies is the fact that the long-term economic agreements specify shipments of complete sets of equipment for entire industrial projects such as plants, factories, electric power stations, etc. This special type of foreign trade is becoming more widespread. The shipment by the USSR of complete sets of equipment speeds up the tempo of industrial development in these countries and enables them to put into operation in a short time large-scale, well-equipped industrial projects.

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Soviet equipment is being used in the major project of the Polish Six-Year Plan -- the construction of the largest plant in the country, the Nova Huta Metallurgical Combine, which alone will produce as much metal as was produced in all of prewar Poland. Other Polish industrial enterprises are also being outfitted with Soviet equipment. Recently one of the largest fully automatic blooming mills in Europe was put into operation at the "Bobrek" Metallurgical Plant. It was manufactured by the Novo-Kramatorsk Plant imeni Stalin and the Leningrad "Elektrosila" Plant and assembled under the direction of Soviet specialists. Its productive capacity is one million tons of steel a year, or twice that of the largest blooming mills in Poland. The USSR is also supplying Poland with the latest types of blast furnaces for the Bierut Metallurgical Combine in Czestochowa. In addition, Soviet specialists have worked out plans for the large "Warsaw" Steel Plant which will manufacture high-grade steel, and for numerous mines and nonferrous metallurgical plants which also will be equipped with Soviet machinery.

Other large construction projects in the People's Democracies are being partially or fully outfitted with Soviet equipment. These include the Stalin Metallurgical Combine on the Danube in Hungary, which in 1954 will provide more metal than the whole metallurgical industry of prewar Hungary; a metallurgical combine in Rumania; petroleum refining and cement plants in Albania; and others. The following enterprises outfitted with Soviet equipment have been fully or partially put into operation: the Stalin Chemical Combine (with an annual productive capacity of 70,000 tons of artificial fertilizer) and the Vulko Chervenkov TETs in Bulgaria; "Scanteia House" Polygraphic Combine in Rumania; and the Stalin Textile Combine (with an annual productive capacity of 20 million meters of cloth) in Albania. In addition, the USSR is equipping a number of large hydroelectric and steam heat and electric power stations in these countries.

Substantial aid in the creation of hydraulic installations and the construction and reconstruction of factories, plants, mines, and electric power stations is extended by the USSR to the People's Republic of China. For example, Soviet specialists and equipment are playing a vital role in the fundamental reconstruction of the An-shan metallurgical combine.

As a result of Soviet aid and close collaboration, the People's Democracies no longer import many of the previously imported commodities, and in some cases, even export them. For example, Rumania is now in a position to export many commodities which she previously imported from other countries, including petroleum equipment, large power aggregates for petroleum drilling, tractors, locomotives, and railroad cars. Many of the industrial items formerly imported by China are now produced at Chinese plants. With Soviet aid the Chinese industry mastered the production of locomotives, trolley cars, automobiles, motorcycles, looms, diesel engines, electric motors, and agricultural machinery.

One form of aid extended by the USSR to the People's Democracies is the extension, on advantageous terms, of loans and credit for the purchase of equipment, foodstuffs, and other commodities.

Soviet technical and scientific assistance to the People's Democracies is conducted along three basic lines: (1) optimum utilization of equipment, manifested primarily in the shipment of complete sets of whole industrial projects; (2) introduction of the latest methods of production, complex mechanization, continuous production, complete mechanization, etc.; (3) assistance in the development of the raw material, fuel, and power base of these countries by means of geological explorations and organization of modern methods of extraction of coal, petroleum, nonferrous metals, and other minerals.

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The USSR extends its technical aid to these countries at minimum prices. There is no charge for licenses or patents; the only charges presented by the USSR to the People's Democracies are the actual planning expenditures and expenditures connected with the preparation of technical documents.

Soviet specialists draw up technical plans, carry out explorations, work out the latest methods of industrial exploitation of newly opened mineral deposits, directly assist in large construction projects, and act as consultants in planning the development of the national economy of these countries. Polish automobiles, Rumanian tractors, Hungarian locomotives, and many other products are manufactured by the People's Democracies according to Soviet blueprints and Soviet technology.

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